



**Training Proposal for:**  
**SYSCO Los Angeles, Inc.**  
**Agreement Number: ET12-0222**

Panel Meeting of: **December 16, 2011**

ETP Regional Office: **North Hollywood**

Analyst: M. Paccerelli

**PROJECT PROFILE**

Contract

Type:      Retrainee - Job Creation  
              SET Frontline - Retrainee

Industry

Sector(s):      Services

Counties

Served:      Los Angeles

Repeat

Contractor:    ☒ Yes    ☐ No

Union(s):    ☐ Yes    ☒ No

Priority

Industry:      ☐ Yes    ☒ No

No. of Employees in CA:    4,500

No. of Employees Worldwide:    46,300

Turnover Rate %	Manager/ Supervisor %
17%	N/A

**FUNDING DETAIL**

Program Costs	Substantial Contribution	Total ETP Funding
\$399,000	\$0	\$399,000

In-Kind Contribution
\$425,000

**TRAINING PLAN TABLE**

Job No.	Job Description (by Contract Type)	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	SET-Job Creation	Computer Skills, Business Skills, Continuous Improvement	60	24-200	0	\$4,000	\$12.81
				Weighted Avg: 200			
2	SET Frontline Retrainee	Computer Skills, Business Skills, Continuous Improvement	200	24-200	0	\$795	\$25.61
				Weighted Avg: 53			

**Minimum Wage by County:** Job Number 1: \$12.81 per hour for Los Angeles County

Job Number 2: \$25.61 for SET Frontline Workers

**Health Benefits:** ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

**Used to meet the Post-Retention Wage?:** ☒ Yes ☐ No

\$4.37 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation	
Occupation Title	Wage Range
Administrative Staff	
Customer Service Staff	
Marketing Associates	
Support Staff	
Technical Staff	

**INTRODUCTION:**

In this proposal, SYSCO Los Angeles, Inc. (Sysco LA) seeks funding for retraining as outlined below:

SYSCO is an acronym for “Systems and Service Company” with business origins that go back to 1890. Located in the city of Walnut, Sysco LA is a wholly-owned subsidiary of SYSCO Corporation.

In all, Sysco Corporation owns several facilities in California, which include the following facilities that have submitted separate proposals for ETP-funded training this Fiscal Year: Sysco LA, Sysco Ventura, Sysco San Diego, and Sysco Central. This proposal targets training for 60 New Hires & 200 incumbent workers in Sysco LA. Total funding amount for Sysco LA, when combined with funding requested on behalf of the other Sysco facilities, will not exceed \$1,200,000. Proposals for the other facilities will be presented at the Panel Meeting in January 2012.

The company is the largest marketer and distributor of food service products to restaurants, major hotels, and other institutions located throughout Southern California with 980 employees in the Walnut facility. It warehouses, distributes, and delivers more than 10,000 different food products, beverages, equipment, and supplies to restaurants, schools, assisted living facilities, government facilities, and other businesses.

The company qualifies for Special Employment Training (SET) funds specifically targeted for frontline workers in occupations that earn the statewide average hourly wage. In addition, this proposal will train newly-hired workers under the Job Creation guideline utilizing SET funds with standard New Hire minimum wage and reimbursement rate.

## **PROJECT DETAILS**

Sysco LA is an incubator for Sysco Corporation's growth in Southern California. It allowed the company to open facilities in San Diego and Ventura. A new Sysco facility recently broke ground in Riverside which will be servicing the Inland Empire and surrounding areas. The construction of a 515,000 sq. ft. facility will be completed in late 2012 or early 2013. Sysco LA already services the Inland Empire, but will expand its business when the Riverside facility opens. The company is currently hiring and training new employees who will eventually move to Riverside when the facility becomes operational.

In this proposal, Sysco LA will train 60 new employees who will receive five weeks of intensive training, 40 hours per week, in various areas of its operation. A group of newly-hired employees are scheduled to start training in December 2011 and additional groups will start in 2012.

Sysco LA is committed in improving productivity in all areas of its business. As such, the company is also proposing to train 200 incumbent workers. The company realized the need for an integrated Information Technology platform that could unify business processes across its operating companies and 186 distribution centers corporate-wide while addressing its specific business needs in the wholesale industry. It is embarking on a Business Transformation Project with the implementation of an integrated software system, SAP Business Suite software and SAP Business Intelligence solutions, which will go live in August 2012. All trainees must be trained in the SAP software prior to its implementation.

The company believes that by building on its current competitive advantages, it will be able to further differentiate its offerings to customers. The competitive advantages include a large sales force of marketing associates, a diversified product base (which includes quality-assured Sysco brand products) and the ability to conduct business reviews and menu analysis. To remain competitive, the company is expanding its distribution center and anticipates rapid growth as it will become one of the largest distribution centers in the Los Angeles area. Sysco LA recently opened its Business Development Center, a contemporary designed facility that allows for live customer demonstrations, business reviews, and training.

Sysco LA proposes to retrain 260 employees in classroom/laboratory training in the following:

### **Computer Skills**

Training will focus on the SAP software for all trainees: Customer Relationship Management for easy access of customer accounts; Order Management for detailed product information, preparation videos, and nutritional details for customers; and Business Objects Solutions for easy access of sales transactions and order history. In addition, all trainees need to be trained in new computer technology and advanced MS Office applications. These systems have been installed, but are currently not being used to its full potential.

**Business Skills**

Training will focus on the use of the new Business Development Center. Customer Service Staff, Marketing Associates, and Support Staff will be trained on how to utilize the new center to increase sales and better serve its customers.

**Continuous Improvement**

This training is critical to its success. All trainees will be trained in resolving customer problems, as well as Lean and Kaizen, which will improve service quality and customer satisfaction.

**Retrainee - Job Creation**

In support of Job Creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program in Fiscal Year 2011/12, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

In this proposal, Sysco LA has committed to hiring 60 new employees as shown in Job Number 1. To be eligible for reimbursement under this Job Number, the trainees must be hired within the three-month period prior to Panel approval or during the term of contract. As a feature of this program, the Substantial Contribution requirement will be waived for Job Number 1. Also, a Turnover Rate penalty will not be assessed.

**Commitment to Training**

Sysco LA represents that ETP funds will not displace the existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area. Sysco LA represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

**Prior Performance**

The prior contract (see Prior Projects Table) was a consortia of four Sysco subsidiaries with Sysco LA as the contract holder. In this project, Sysco LA completed training for 232 out of the 252 trainees retained in this Agreement delivering a total of 19,560 training hours. Although Sysco LA provided training as planned and retained 92 percent of the total completed trainees, the other subsidiaries did not achieve performance objectives bringing the completion rate down to 31 percent.

Sysco LA has learned the difficulty in submitting a consortia proposal for ETP purposes due to the fact that it has no control over the other subsidiaries as each one is independently operated. With the submission of this proposal independent of the other subsidiaries, Sysco LA is confident that they will achieve a better performance in this proposal.

**Substantial Contribution**

This will be the second ETP contract for Sysco LA within the last five years. However, the substantial contribution provision does not apply because Sysco LA has not earned \$250,000 or more within the previous five years. (Title 22, California Code of Regulations, Section 4410.)

**RECOMMENDATION**

For the reasons set forth above, staff recommends approval of this proposal.

**PRIOR PROJECTS**

The following table summarizes performance by Sysco LA under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET05-0206	Walnut	12/31/2004-12/30/2006	\$688,031	\$213,854 (31%)

**DEVELOPMENT SERVICES**

Sysco LA retained National Training Company in Irvine to assist with development of this proposal for a flat fee of \$5,000.

**ADMINISTRATIVE SERVICES**

National Training Company will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

**TRAINING VENDORS**

N/A

**Exhibit B: Menu Curriculum****Class/Lab Hours**

24-200            Trainees may receive any of the following:

**COMPUTER SKILLS**

- Customer Relationship Management
- Order Management
- Business Office Solutions
- Internal Web-Based Applications
- External Web-Based Applications
- Production Applications
- Computerized Inventory
- SYSCO Desktop Applications
- Laptop Techniques
- MS Office/Outlook (Intermediate and Advanced)

**BUSINESS SKILLS**

- Business Development
- Customer Satisfaction
- Consultative Selling
- Operating Procedures
- Shrinkage
- Product Handling
- Need Satisfaction Selling
- ENutrition
- Internet Marketing
- Merchandising

**CONTINUOUS IMPROVEMENT**

- Resolving Customer Problems
- Lean
- Kaizen
- Waste Management
- Quality Assurance
- Inspection Procedures
- Costs and Benefits
- Interpersonal Communications
- Setting Priorities

Note: Reimbursement for all training is capped at 200 total training hours per trainee, regardless of the method of delivery.